

# **Pittsford Area Schools**

Financial Report  
With Supplemental Information

Year Ended June 30, 2007

<b>Independent Auditors' Report</b> .....	i - ii
---	--------

<b>Management's Discussion and Analysis</b> .....	iii-xi
---	--------

### **Basic Financial Statements**

District-Wide Financial Statements:	
Statement of Net Assets.....	1
Statement of Activities .....	2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	3
Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to Net Assets .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Fiduciary Funds – Statement of Fiduciary Net Assets.....	7
Notes to Financial Statements.....	8-17

### **Required Supplemental Information**

Budgetary Comparison Schedule - General Fund.....	18
---	----

### **Other Supplemental Information**

Combining Balance Sheet – Nonmajor Governmental Funds.....	19
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	20
Schedule of Bonded Indebtedness.....	21

<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	22-23
--	-------

Schedule of Findings and Responses .....	24
--	----



## Independent Auditors' Report

Board of Education  
Pittsford Area Schools  
Pittsford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsford Area Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pittsford Area Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsford Area Schools as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated September 4, 2007, on our consideration of the School District's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

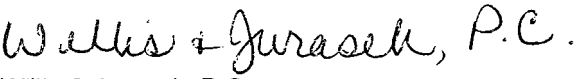
The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

---

### WILLIS & JURASEK, P.C.

2545 Spring Arbor Road  
Suite 200  
Jackson, MI 49203-3690

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pittsford Area Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

  
Willis & Jurasek, P.C.

September 4, 2007

# **Pittsford Area Schools**

## **Management's Discussion and Analysis**

**For Fiscal Year Ended June 30, 2007**

---

Pittsford Area Schools, a K-12 school district located in Hillsdale County, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Pittsford Area Schools Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Generally Accepted Accounting Principles (GAAP), according to GASB 34, requires the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

### **Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instruction and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

### **Government-Wide Financial Statements**

These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. All of the District's assets and liabilities, both short- and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

### ***Summary of Net Assets***

The following schedule summarizes the net assets at June 30, 2007 and 2006.

	2007	2006
<b>Assets</b>		
Current assets	\$ 2,156,850	\$ 1,872,284
Capital assets	8,112,492	8,175,755
Less: Accumulated depreciation	(6,182,903)	(6,137,761)
Capital assets net book value	1,929,589	2,037,994
<b>Total assets</b>	<b>\$ 4,086,439</b>	<b>\$ 3,910,278</b>
<b>Liabilities</b>		
Current liabilities	\$ 1,665,491	\$ 1,340,450
Long-term liabilities	1,352,099	1,504,059
<b>Total liabilities</b>	<b>3,017,590</b>	<b>2,844,509</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	556,066	399,122
Reserved for debt service	37,155	69,030
Reserved for inventories and prepaid expenses	800	3,005
Reserved for capital outlay	0	1,400
Unrestricted	474,828	593,212
<b>Total net assets</b>	<b>1,068,849</b>	<b>1,065,769</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,086,439</b>	<b>\$ 3,910,278</b>

### ***Analysis of Financial Position***

During the fiscal year ended June 30, 2007, the District's net assets increased by \$3,081. A significant factor affecting net assets during the year is discussed below:

#### ***Depreciation Expense***

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$124,661 was recorded for depreciation expense.

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

### *Results of Operations*

For the fiscal years ended June 30, 2007 and 2006, the results of operations, on a District-wide basis were:

	2007		2006	
	Amount	% of Total	Amount	% of Total
<u>General Revenues</u>				
Property taxes	\$ 480,143	7.93%	\$ 486,881	8.45%
State of Michigan Aid, unrestricted	4,907,781	81.03%	4,792,876	83.20%
Investment earnings	20,859	0.34%	9,845	0.17%
Other	19,735	0.33%	17,958	0.31%
Total general revenue	5,428,518	89.63%	5,307,560	92.13%
<u>Program Revenues</u>				
Charges for services	126,195	2.08%	118,663	2.06%
Operating grants	501,722	8.28%	334,640	5.81%
Total program revenues	627,917	10.37%	453,303	7.87%
Total Revenues	6,056,435	100.00%	5,760,863	100.00%
<u>Expenses</u>				
Instruction	3,790,743	62.62%	3,670,905	62.83%
Support services	1,659,792	27.42%	1,650,376	28.25%
Food services	222,575	3.68%	207,717	3.56%
Athletics	207,241	3.42%	199,635	3.42%
Community services	150	0.00%	0	0.00%
Other	19,004	0.31%	0	0.00%
Interest on long-term debt	81,888	1.35%	51,976	0.89%
Unallocated depreciation	71,961	1.19%	62,146	1.06%
Total Expenses	6,053,354	100.00%	5,842,755	100.00%

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

### *Analysis of Significant Revenues and Expenditures*

Significant revenues and expenditures are discussed in the segments below:

#### **1. Property Taxes**

The District levied 18.0 mills of property taxes for operations on non-homestead properties. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District collected \$301,676 in non-homestead property taxes. This represented a decrease of \$ 1,707 from the prior year.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy	Percent Change
2006-2007	\$ 301,676	-0.56%
2005-2006	303,383	10.09%
2004-2005	275,579	4.76%
2003-2004	263,047	0.56%
2002-2003	261,595	9.18%

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

### 2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count.

The following table shows a six-year history of the School District's per pupil state aid foundation allowance.

Fiscal Year	Foundation Allowance per Pupil	Percent Change
2006-2007	\$ 7,085	3.05%
2005-2006	6,875	2.61%
2004-2005	6,700	1.12%
2003-2004	6,626	3.43%
2002-2003	6,406	1.68%
2001-2002	6,300	5.00%

### 3. Student Enrollment

The following schedule lists the actual state aid membership (student FTE) for the past five years. The increase in enrollment for 2005-2006 and 2006-2007 is due in part to a cooperative agreement with Sacred Heart Catholic School in Hudson, Michigan.

Fiscal Year	February	September	Blended Count	Increase (Decrease)
2006-2007	726.01	747.68	742.26	28.15
2005-2006	679.00	725.80	714.11	24.36
2004-2005	701.00	686.00	689.75	(14.95)
2003-2004	690.20	685.80	704.70	0.06
2002-2003	717.20	701.50	704.64	(21.16)

### 4. Operating Grants

In addition to State Aid from the foundation allowance and categorical sources, the District receives operating grants from both federal and state sources. For the fiscal year ending June 30, 2007, the significant federal grants were Title I, Title II, and National School Lunch. Federal Grant revenue was \$283,624. This represents a decrease of \$41,688 from the prior fiscal year.

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

### 5. Special Education and Vocational Education Allocation

In addition to our regular K-12 programming, there are specialized schools that serve Pittsford students. Thirty-five students were involved in educational programs at the Jackson Area Career Center, Hillsdale Home Building Site, Manufacturing Technology Center, and Hillsdale Beauty College. The district received \$17,720 from the State and \$17,983 from the Hillsdale County ISD from a county vocational millage to help fund the district's vocational classes. Special education opportunities are offered by Hillsdale County Intermediate School District and are designed to assist students with severe handicaps.

### 6. Interest Earnings

The District received interest on its General Fund investments in the amount of \$20,088 for the fiscal year ended June 30, 2007. Interest rates increased from the prior year; therefore, General Fund interest revenues increase from the prior fiscal year by \$10,683.

### 7. Comparative Expenditures

Comparisons of the District's Governmental Funds expenditures are reported below.

	2006-2007	2005-2006	Increase (Decrease)
Expenditures			
Instruction	\$ 3,809,433	\$ 3,621,153	\$ 188,280
Supporting services	1,644,835	1,570,693	74,142
Athletic activities	194,519	187,173	7,346
Food service	222,201	206,612	15,589
Community services	150	-	150
Other	18,404	-	18,404
Debt service	172,301	191,249	(18,948)
Capital projects	600	112,676	(112,076)
Total Expenditures	\$ 6,062,443	\$ 5,889,556	\$ 172,887

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

### ***General Fund Budgetary Highlights***

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1st. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30th.

For the 2006-2007 fiscal year, the District amended the General Fund only once, adopting its final amended budget June 18, 2007. The following schedule shows a comparison of the original General Fund budget, the final amended general fund budget, and actual totals from operations:

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues	\$ 5,513,033	\$ 5,700,879	\$ 5,634,998	\$ (65,881)
Expenditures				
Instruction	3,691,109	3,829,669	3,809,433	20,236
Supporting services	1,623,035	1,672,704	1,644,835	27,869
Transfers	171,000	171,000	163,727	7,273
Other	22,113	21,478	18,554	2,924
Total Expenditures	\$ 5,507,257	\$ 5,694,851	\$ 5,636,549	\$ 58,302

Local revenues increased slightly due to a increase local, non-homestead property taxes and a larger than expected rate of return on investments. State revenues increased due to an increase in student enrollment, an increase of 3.05% to the per pupil foundation allowance, an equity payment of \$23 per enrolled student, and funding for the Middle School Math Program. Federal revenues were less than expected due to a reduction in grant allocations.

The original budget reflected a ½% wage increase (tied to the increase in the foundation allowance) per the negotiated contract with the Pittsford Education Association (PEA). The final budget includes an additional 1½% increase (tied to the increase in enrollment) per the negotiated contract with the PEA. Expense for substitute teachers increased due to many extended leaves experienced by the District this school year. The District's cost for heating and diesel fuel also increased.

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

### ***Capital Asset and Debt Administration Capital***

#### **Assets**

By the end of the 2006-2007 fiscal year, the District had invested \$8.1 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to approximately \$0.12 million, bringing accumulated depreciation to \$6.2 million as of June 30, 2007.

#### **Long-Term Debt**

At June 30, 2007 the District had \$1.49 million in long-term debt outstanding. This represents a reduction of \$152,081 over the amount outstanding at the close of the prior fiscal year.

#### ***Factors Bearing on the District's Future***

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the 2007-2008 fiscal year. The early indication is that the foundation allowance may remain stagnant at \$7,085 per pupil. This coupled with a countywide decline of enrolled students and increases in wages, insurance, retirement, and fuel costs would pose a challenge to the District to maintain structural balance while continuing with its educational programming.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. Additionally, while the State has managed to contain the growth in the rate districts fund the retirement system over the past few years, the increase in the number of retirees projected to occur over the next few years may result in higher annual increases. The recent restructuring of the retirement system to reduce retirement cost will not immediately affect school districts, as only those employees hired after July 1, 2008, will be affected by the new rules.
- The contract with the Pittsford Education Association, the union that represents the teaching staff, expires at the end of the 2006-2007 school year. Negotiations on a new contract will begin in the upcoming fiscal year.
- The State of Michigan continues to increase its focus on student achievement. Results of standardized test scores (Michigan Educational Assessment Program) are compared from year to year, with the results being tabulated by school building and by district. With the changes to the federal Title I legislation resulting from the No Child Left Behind Act, adequate yearly progress of students will be more important as certain portions of funding are now tied to it. Also, of monumental importance is the recent passing

# Pittsford Area Schools

## Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2007

---

of the Michigan Merit Curriculum, dictating teaching material and which courses students must pass to graduate.

- The District, working in collaboration with neighboring districts within the county, has attempted to reduce District cost whenever possible by the sharing of services and cooperative purchases. This collaboration will continue as long as it is beneficial to the District.

### ***Contacting the District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Superintendent, Pittsford Area Schools, 9304 Hamilton Street, Pittsford, MI 49271.

**Pittsford Area Schools**

Statement of Net Assets

June 30, 2007

**Governmental  
Activities**

**Assets:**

Cash and investments	\$ 1,203,010
Receivables:	
Accounts receivable	919,810
Inventories	3,989
Prepaid expenses	30,041
Capital assets less accumulated depreciation of \$6,182,903	<u>1,929,589</u>
Total assets	<u>4,086,439</u>

**Liabilities:**

Accounts payable	22,010
State aid anticipation loan	800,000
Accrued payroll	449,536
Accrued interest	38,509
Other liabilities	215,623
Long-term liabilities:	
Bonds payable, due within one year	130,000
Other obligations, due within one year	9,813
Bonds payable, due in more than one year	1,184,645
Other obligations, due in more than one year	<u>167,454</u>
Total liabilities	<u>3,017,590</u>

**Net Assets:**

Investment in capital assets - net of related debt	556,066
Restricted for debt service	37,155
Restricted for construction	800
Unrestricted	<u>474,828</u>
Total net assets	<u>\$ 1,068,849</u>

# Pittsford Area Schools

## Statement of Activities

Year Ended June 30, 2007

Functions/Programs	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Net (Expenses) Revenues and Changes in Net Assets
Primary Government				
Governmental activities:				
Instruction	\$ 3,790,743	\$ 17,983	\$ 209,969	\$ (3,562,791)
Support services	1,659,792	-	157,766	(1,502,026)
Food service activities	222,575	79,099	133,987	(9,489)
Athletic activities	207,241	29,113	-	(178,128)
Community services	150	-	-	(150)
Other	19,004	-	-	(19,004)
Interest on long-term debt	81,888	-	-	(81,888)
Depreciation (unallocated)	71,961	-	-	(71,961)
Total governmental activities	<u>\$ 6,053,354</u>	<u>\$ 126,195</u>	<u>\$ 501,722</u>	<u>(5,425,437)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				301,676
Property taxes, levied for debt services				178,467
State aid not restricted to specific purposes				4,907,781
Interest and investment earnings				20,859
Other				<u>19,735</u>
Total general revenues				<u>5,428,518</u>
Change in Net Assets				3,081
Net Assets - Beginning of Year				<u>1,065,768</u>
Net Assets - End of Year				<u>\$ 1,068,849</u>

See Notes to Financial Statements.

**Pittsford Area Schools**

Balance Sheet  
Governmental Funds  
June 30, 2007

	Other Nonmajor Governmental		
	<u>General</u>	<u>Funds</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and short-term investments	\$ 1,061,738	\$ 141,272	\$ 1,203,010
Receivables:			
Accounts receivable	919,694	116	919,810
Due from other funds	14,842	3,758	18,600
Inventories	-	3,989	3,989
Prepaid expenditures	30,041	-	30,041
Total assets	<u>\$ 2,026,315</u>	<u>\$ 149,135</u>	<u>\$ 2,175,450</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ 20,631	\$ 1,379	\$ 22,010
State aid anticipation loan	800,000	-	800,000
Due to other funds	3,758	14,842	18,600
Salaries payable	435,408	14,128	449,536
Deferred revenue	46,043	349	46,392
Other liabilities	161,629	7,602	169,231
Total liabilities	<u>1,467,469</u>	<u>38,300</u>	<u>1,505,769</u>
Fund Balances:			
Reserved for debt service	-	75,664	75,664
Reserved for construction	-	800	800
Reserved for inventory	-	3,989	3,989
Unreserved; undesignated	558,846	30,382	589,228
Total fund balances	<u>558,846</u>	<u>110,835</u>	<u>669,681</u>
Total liabilities and fund balances	<u>\$ 2,026,315</u>	<u>\$ 149,135</u>	<u>\$ 2,175,450</u>

See Notes to Financial Statements.

**Pittsford Area Schools**  
Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to Net Assets  
Governmental Funds  
June 30, 2007

<b>Total Fund Balances - Governmental Funds</b>		\$ 669,681
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	\$ 8,112,492	
Accumulated depreciation is	<u>(6,182,903)</u>	
		1,929,589
Long-term liabilities not due and payable in the current period and not reported in the funds:		
Bonds payable		(1,314,645)
Notes payable		(58,878)
Compensated absences		(118,389)
Accrued interest payable is not included as a liability in governmental activities.		
		<u>(38,509)</u>
<b>Total Net Assets - Governmental Activities</b>		<u>\$ 1,068,849</u>

**Pittsford Area Schools**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2007

	<b>General</b>	<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Local sources	\$ 341,499	\$ 287,450	\$ 628,949
State sources	5,114,375	11,504	5,125,879
Federal sources	161,141	122,483	283,624
Interdistrict and other	<u>17,983</u>	<u>-</u>	<u>17,983</u>
Total revenues	<u>5,634,998</u>	<u>421,437</u>	<u>6,056,435</u>
<b>Expenditures:</b>			
Instruction	3,809,433	-	3,809,433
Support services	1,644,835	-	1,644,835
Athletic activities	-	194,519	194,519
Food service activities	-	222,201	222,201
Community services	150	-	150
Other	18,404	-	18,404
Debt service:			
Principal payments	-	125,000	125,000
Interest and fiscal charges	-	47,301	47,301
Capital outlay	<u>-</u>	<u>600</u>	<u>600</u>
Total expenditures	<u>5,472,822</u>	<u>589,621</u>	<u>6,062,443</u>
<b>Revenues Over (Under) Expenditures</b>	<u>162,176</u>	<u>(168,184)</u>	<u>(6,008)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	-	163,727	163,727
Operating transfers out	<u>(163,727)</u>	<u>-</u>	<u>(163,727)</u>
Total other financing sources (uses)	<u>(163,727)</u>	<u>163,727</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	(1,551)	(4,457)	(6,008)
<b>Fund Balances - Beginning of Year</b>	<u>560,397</u>	<u>115,292</u>	<u>675,689</u>
<b>Fund Balances - End of Year</b>	<u>\$ 558,846</u>	<u>\$ 110,835</u>	<u>\$ 669,681</u>

See Notes to Financial Statements.

**Pittsford Area Schools**  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2007

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>(6,008)</b>
---	-----------	----------------

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures; in the  
Statement of Activities, these costs are allocated over their estimated  
useful lives as depreciation.

Depreciation expense	\$ (124,661)	
Capital outlay	<u>16,256</u>	
		(108,405)

Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.		(34,587)
--	--	----------

Bond and note proceeds are reported as financing sources in governmental funds  
and thus contribute to the change in fund balance. In the Statement of Net  
Assets, however, issuing debt increases long-term liabilities and does not  
affect the Statement of Activities. Similarly, repayment of principal is an  
expenditure in the governmental funds but reduces the liability in the  
Statement of Net Assets.

Principal repayments	<u>134,813</u>	
		134,813

Decreases in compensated absences are reported in the Statement of Activities when payment is made; such decreases are not reported in governmental funds.		<u>17,268</u>
---	--	---------------

<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>3,081</u></b>
--	-----------	---------------------

**Pittsford Area Schools**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

		<b>Agency Fund - Student Activities</b>
	<b><u>Assets</u></b>	
Cash and investments		\$ 58,438
Total assets		<u>\$ 58,438</u>
	<b><u>Liabilities</u></b>	
Due to student groups		\$ 58,438
Total liabilities		<u>\$ 58,438</u>

See Notes to Financial Statements.

# **Pittsford Area Schools**

## **Notes to Financial Statements**

### **Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of Pittsford Area Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

#### **District-Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**District-Wide Statements** – The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

**Fund-Based Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, severance pay, claims, and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

**General Fund** – The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Special Revenue Funds maintained by the District are the Athletics Fund and Food Service Fund.

**Debt Funds** – Debt Funds are used to record tax, interest, and other revenue for payment of principal and other expenditures thereof on a particular bond issue. The District maintains the 2005 Refunding Debt Fund and the Durant Debt Fund.

**Capital Project Funds** – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The District maintains the Sinking Fund.

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the district-wide statements.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Fiduciary Funds (Continued)** - The agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student and parent groups for school-related purposes. The funds are segregated and held in trust for the students and parents.

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**Property Taxes** - Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of assessed valuation:

General Fund – Non-homestead	18.0000
Debt Funds – Homestead and Non-homestead	2.0831

**Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Receivables and Payables (Continued)** - The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with State law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**Inventories and Prepaid Items** – Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as inventory and deferred revenue until used. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of \$2,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-10 years

**Compensated Absences** - The District reports a liability for compensated absences which consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Long-Term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Note 2 – Stewardship, Compliance, and Accountability**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplemental information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the General Fund are noted in the required supplemental information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditures functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2007. The District does not consider these amendments to be significant.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 3 – Deposits and Investments**

At year-end, the District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	\$ <u>1,203,010</u>	\$ <u>58,438</u>	\$ <u>1,261,448</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 880,269
Investments in cash management trusts	<u>381,179</u>
Total	\$ <u>1,261,448</u>

**Investment and Deposit Risk**

**Interest Rate Risk** – State law limits the allowable investments and the maturities of some of the allowable investments. The District's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment in the MILAF investment fund had an average maturity of less than 1 year.

**Credit Risk** – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The District's investments policy does not have specific limits in excess of State law on investment credit risk. The District's investment in the Cash Management Funds were rated AAAM by Standard & Poor's.

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District has not adopted and State law does not require a policy for deposit custodial credit risk. As of year end \$804,090, of the District's bank balance of \$904,090 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Note 4 – Receivables**

Receivables at year end consist of the following:

Other governmental units (primarily Michigan Department of Education)	\$ 913,666
Accounts receivable	<u>6,144</u>
	\$ <u>919,810</u>

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 5 – Capital Assets**

Capital asset activity of the School District's governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Year-End Balance</u>
Capital assets being depreciated:				
Building and improvements	\$ 5,424,931	\$ -	\$ -	\$ 5,424,931
Buses and other vehicles	648,013	-	72,450	575,563
Furniture and equipment	<u>2,150,525</u>	<u>16,256</u>	<u>54,783</u>	<u>2,111,998</u>
Subtotal	<u>8,223,469</u>	<u>16,256</u>	<u>127,233</u>	<u>8,112,492</u>
Accumulated depreciation:				
Building and improvements	3,682,003	62,147	-	3,744,150
Buses and other vehicles	601,378	13,222	72,450	542,150
Furniture and equipment	<u>1,902,094</u>	<u>49,292</u>	<u>54,783</u>	<u>1,896,603</u>
Subtotal	<u>6,185,475</u>	<u>124,661</u>	<u>127,233</u>	<u>6,182,903</u>
Net capital assets being depreciated	<u>2,037,994</u>	<u>(108,405)</u>	-	<u>1,929,589</u>
Net capital assets	<u>\$ 2,037,994</u>	<u>\$ (108,405)</u>	<u>\$ -</u>	<u>\$ 1,929,589</u>

Depreciation expense was charged to the activities of the School District as follows:

Governmental activities:	
Instruction	\$ 8,391
Support services	31,213
Food services	374
Athletics	12,722
Unallocated	<u>71,961</u>
	<u>\$ 124,661</u>

**Note 6 – Interfund Receivables, Payables and Transfers**

The District reports interfund balances between some of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances is as follows:

	<u>Due To:</u>	
	<u>General Fund</u>	<u>Athletics Fund</u>
Due From:		
Food Service Fund	\$ 6,624	\$ -
2005 Debt Fund	8,218	
General Fund	-	<u>3,758</u>
	<u>\$ 14,842</u>	<u>\$ 3,758</u>

During the current fiscal year, the General Fund transferred \$163,727 to the Athletics Fund to subsidize the activities of the Athletics Fund.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 7 – Note Payable**

During the year, the District issued a State Aid anticipation note dated August, 2006 maturing August, 2007 in the amount of \$800,000 with an interest rate of 3.68%. The note was renewed August 2007 with a balance of \$690,000.

<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2007</u>
<u>\$ 600,000</u>	<u>\$ 800,000</u>	<u>\$ 600,000</u>	<u>\$ 800,000</u>

**Note 8 – Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Activity is summarized as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Governmental activities:					
Bonds	\$ 1,439,645	\$ -	\$ 125,000	\$ 1,314,645	\$ 130,000
Compensated absences	135,657	-	17,268	118,389	-
Note payable	68,691	-	9,813	58,878	9,813
Total governmental activities	<u>\$ 1,643,993</u>	<u>\$ -</u>	<u>\$ 152,081</u>	<u>\$ 1,491,912</u>	<u>\$ 139,813</u>

Annual debt service requirements to maturity on the above governmental bond obligations are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 139,813	\$ 45,641	\$ 185,454
2009	179,166	54,679	233,845
2010	155,702	38,166	193,868
2011	155,983	33,095	189,078
2012	156,276	27,812	184,088
2013 – 2017	<u>586,583</u>	<u>56,050</u>	<u>642,633</u>
Total	<u>\$ 1,373,523</u>	<u>\$ 255,443</u>	<u>\$ 1,628,966</u>

Long-term debt consists of:

\$1,505,000 – 2005 refunding bonds due in annual installments of \$130,000 - \$145,000 through May, 2016; interest at 3.000% to 4.000%	\$ 1,255,000
\$98,130 – Note payable for consortium interest due in annual installments of \$9,813 through April 2013; interest at 3%	58,878
\$59,320 – Durant Non-Plaintiff serial bonds due in annual installments of \$3,007 to \$13,856 through May 15, 2013; interest at 4.70%.	<u>59,645</u>
Total long-term debt	<u>\$ 1,373,523</u>

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 8 – Long-Term Debt (Continued)**

**Durant Non-Plaintiff Bond** - Included in Governmental Activities General Obligation Bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) associated with this bond are funded by the State of Michigan via specifically appropriated State Aid and will not require any District debt levy or utilization of any other District financial resources. No payment was made in 2007 and there is no anticipated payment for 2008.

**2005 Refunding Bonds** – On March 2, 2005, the District issued \$1,505,000 in general obligation bonds to advance refund \$1,505,000 of outstanding 1995 refunding bonds and 1996 refunding bonds. The net proceeds \$1,509,578 (including premium of \$1,492 and after payment of \$55,768 in underwriting fees and other issuance costs) plus an additional \$50,000 from the 1995 and 1996 Debt Funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$1,505,000 of the 1995 and 1996 bonds are considered to be defeased.

The District advance refunded the bonds to reduce its total debt service payments over the next fifteen years by approximately \$132,418 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of approximately, \$261,000.

**Note 9 – Risk Management**

The School District is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The School District has purchased commercial insurance for other risks of loss, including property and casualty, errors and omissions, fleet, and employee health and accident insurance.

**Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits**

**Plan Description** – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, MI 48909 or by calling (517) 322-6000.

**Funding Policy** – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rates: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

**Pittsford Area Schools**  
Notes to Financial Statements

**Note 10 – Defined Benefit Pension Plan and Post-Employment Benefits (Continued)**

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1<sup>st</sup> on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, in any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 14.87 percent for the period from July 1, 2006 through September 30, 2006 and 16.34 percent for the period October 1, 2006 through June 30, 2007. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The School District's contributions to the MPSERS plan for the years ended June 30, 2007, 2006, and 2005 were approximately \$595,000, \$536,000, and \$463,000, respectively.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

**Post-Employment Benefits** – Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverages. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS plan discussed above.

**Note 11 – Federal and State Grants**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

**Note 12 - Sinking Fund**

The Building and Site Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**Note 13 – Prior Period Adjustment**

In 2004, the District became part of a project with the Hillsdale County ISD for the installation of a Fiber-Optic system throughout the ISD area. The project was financed with the ISD over a 10 year period; however, neither the asset nor the liability was recorded in the government-wide financial statements. A prior period adjustment was recorded during the current year to record the asset of \$98,130 and accumulated depreciation of \$49,065 with the remaining balance of \$49,065 being an adjustment to beginning net assets.

## **Required Supplemental Information**

**Pittsford Area Schools**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget to Actual  
General Fund

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues:</b>			
Local sources	\$ 328,876	\$ 346,475	\$ 341,499
State sources	4,981,493	5,155,789	5,114,375
Federal sources	202,664	177,632	161,141
Interdistrict and other	-	20,983	17,983
Total revenues	<u>5,513,033</u>	<u>5,700,879</u>	<u>5,634,998</u>
<b>Expenditures:</b>			
Instruction:			
Basic programs	3,168,657	3,279,864	3,276,374
Added needs	522,452	549,805	533,059
Support services:			
Pupil services	103,775	92,927	92,492
Instructional staff services	30,778	60,683	56,817
General administrative services	172,154	177,098	171,961
School administrative services	285,732	281,618	280,789
Business services	155,036	170,928	170,190
Operations and maintenance	548,966	561,112	549,386
Pupil transportation	314,991	312,649	307,564
Central support services	11,603	15,689	15,636
Community services	-	150	150
Other transactions	22,113	21,328	18,404
Total expenditures	<u>5,336,257</u>	<u>5,523,851</u>	<u>5,472,822</u>
<b>Revenues Over (Under) Expenditures</b>	<u>176,776</u>	<u>177,028</u>	<u>162,176</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(171,000)</u>	<u>(171,000)</u>	<u>(163,727)</u>
<b>Net Changes in Fund Balances</b>	5,776	6,028	(1,551)
<b>Fund Balances - Beginning of Year</b>	<u>560,397</u>	<u>560,397</u>	<u>560,397</u>
<b>Fund Balances - End of Year</b>	<u>\$ 566,173</u>	<u>\$ 566,425</u>	<u>\$ 558,846</u>

## **Other Supplemental Information**

**Pittsford Area Schools**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>	
	<u>Food Service</u>	<u>Athletics</u>	<u>2005</u>	<u>Durant</u>	<u>Sinking</u>	<u>Total</u>
<b><u>Assets</u></b>						
Cash and investments	\$ 53,487	\$ 3,103	\$ 83,882	\$ -	\$ 800	\$ 141,272
Accounts receivable	116	-	-	-	-	116
Due from other funds	-	3,758	-	-	-	3,758
Inventory	3,989	-	-	-	-	3,989
Total assets	<u>\$ 57,592</u>	<u>\$ 6,861</u>	<u>\$ 83,882</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 149,135</u>
<b><u>Liabilities and Fund Balances</u></b>						
Liabilities:						
Accounts payable	\$ 1,379	\$ -	\$ -	\$ -	\$ -	\$ 1,379
Salaries payable	11,131	2,997	-	-	-	14,128
Other liabilities	6,841	761	-	-	-	7,602
Due to other funds	6,624	-	8,218	-	-	14,842
Deferred revenue	349	-	-	-	-	349
Total liabilities	<u>26,324</u>	<u>3,758</u>	<u>8,218</u>	<u>-</u>	<u>-</u>	<u>38,300</u>
Fund Balances:						
Reserved for debt service	-	-	75,664	-	-	75,664
Reserved for construction	-	-	-	-	800	800
Reserved for inventory	3,989	-	-	-	-	3,989
Unreserved:undesignated	<u>27,279</u>	<u>3,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,382</u>
Total fund balances	<u>31,268</u>	<u>3,103</u>	<u>75,664</u>	<u>-</u>	<u>800</u>	<u>110,835</u>
Total liabilities and fund balances	<u>\$ 57,592</u>	<u>\$ 6,861</u>	<u>\$ 83,882</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 149,135</u>

**Pittsford Area Schools**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2007

	<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>	
	<u>Food Service</u>	<u>Athletics</u>	<u>2005</u>	<u>Durant</u>	<u>Sinking</u>	<u>Total</u>
<b>Revenues:</b>						
Local sources	\$ 79,363	\$ 29,152	\$ 178,935	\$ -	\$ -	\$ 287,450
State sources	11,504	-	-	-	-	11,504
Federal sources	<u>122,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,483</u>
Total revenues	<u>213,350</u>	<u>29,152</u>	<u>178,935</u>	<u>-</u>	<u>-</u>	<u>421,437</u>
<b>Expenditures:</b>						
Athletic activities	-	194,519	-	-	-	194,519
Food service activities	222,201	-	-	-	-	222,201
Debt service:						
Principal	-	-	125,000	-	-	125,000
Interest and fees			47,301	-	-	47,301
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
Total expenditures	<u>222,201</u>	<u>194,519</u>	<u>172,301</u>	<u>-</u>	<u>600</u>	<u>589,621</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(8,851)</u>	<u>(165,367)</u>	<u>6,634</u>	<u>-</u>	<u>(600)</u>	<u>(168,184)</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	<u>-</u>	<u>163,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,727</u>
Total other financing sources (uses)	<u>-</u>	<u>163,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,727</u>
<b>Net Changes in Fund Balances</b>	<u>(8,851)</u>	<u>(1,640)</u>	<u>6,634</u>	<u>-</u>	<u>(600)</u>	<u>(4,457)</u>
<b>Fund Balances - Beginning of Year</b>	<u>40,119</u>	<u>4,743</u>	<u>69,030</u>	<u>-</u>	<u>1,400</u>	<u>115,292</u>
<b>Fund Balances - End of Year</b>	<u>\$ 31,268</u>	<u>\$ 3,103</u>	<u>\$ 75,664</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 110,835</u>

**Pittsford Area Schools**  
Schedule of Bonded Indebtedness  
June 30, 2007

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Amount of Annual Maturity</u>
2005 Refunding Bonds	March 2, 2005	\$ 1,505,000	3.000%	5/1/2008	\$ 43,623	\$ 130,000
			3.000%	5/1/2009	39,723	135,000
			3.150%	5/1/2010	35,673	140,000
			3.300%	5/1/2011	31,263	140,000
			3.500%	5/1/2012	26,643	140,000
			3.650%	5/1/2013	21,743	140,000
			3.750%	5/1/2014	16,633	140,000
			3.850%	5/1/2015	11,383	145,000
			4.000%	5/1/2016	5,800	145,000
						<u>\$ 1,255,000</u>

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Fiscal Year Interest Requirements</u>	<u>Amount of Annual Maturity</u>
Durant Bonds	September 14,1998	\$ 68,167	4.70%	5/15/2009	\$ 13,308	\$ 34,353
			4.70%	5/15/2010	1,204	5,889
			4.70%	5/15/2011	924	6,170
			4.70%	5/15/2012	630	6,463
			4.70%	5/15/2013	322	6,770
						59,645



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Board of Education  
Pittsford Area Schools  
Pittsford, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pittsford Area Schools as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pittsford Area Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control over financial reporting. We consider the deficiencies described as 2007-1 and 2007-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above as 2007-1, to be a material weakness.

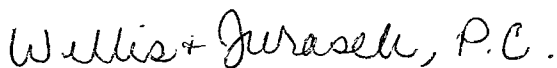
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated September 4, 2007.

Pittsford Area Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management, others within the entity and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Willis & Jurasek, P.C.

September 4, 2007



Board of Education  
Pittsford Area Schools  
Pittsford, Michigan

## **Schedule of Findings and Responses**

### **Finding 2007-1**

Currently, the District's staff prepares the interim internal financial statements that allows for management and oversight of the District, but relies on assistance from us in preparing the year end financial statements and footnotes. The annual financial statements for the year ended June 30, 2007, required relatively few audit adjustments, most of which the staff were aware needed to be recorded. Effective for the year ended June 30, 2007, Statement on Auditing Standards #112, titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the year end financial statements and footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. We do not recommend any changes to this situation at this time and communicate this as required by professional standards. We believe this meets the definition of a material weakness as defined in Statement on Auditing Standards #112.

#### **Client Response**

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.

### **Finding 2007-2**

Currently, the bank reconciliations for student activity accounts are prepared by the same individual responsible for check writing and who also receives directly the bank statement unopened in the mail. We would recommend that these duties be split and some form of review of the bank reconciliations be done by someone independent of the check writing process. We would also recommend that someone outside of the accounting process open the bank statements received in the mail and review for any unusual items. We again communicate this as required by professional standards and believe this meets the definition of a significant deficiency as defined in Statement on Auditing Standards #112.

#### **Client Response**

We agree with the recommendation and will separate these duties and implement a review process of the bank reconciliations. We would expect this situation to be corrected in future years.



To the Board of Education  
Pittsford Area Schools  
Pittsford, Michigan

In planning and performing our audit of the financial statements of Pittsford Area Schools for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 4, 2007 on the District's financial statements. Our recommendations and comments are summarized as follows:

**Comments:**

**Notification Requirements for Non-profit Organizations whose Gross Receipts are \$25,000 or Less, i.e. parent teacher organizations or various school related booster clubs.**

The IRS is now requiring all non-profit organizations to file an annual notice for tax periods beginning after December 31, 2006. Generally, these organizations must file a paper or electronic Form 990 (or Form 990-EZ) even if their gross receipts are normally \$25,000 or less. The annual electronic notice is due by the 15<sup>th</sup> day of the fifth month after the close of their tax period. For example, if their tax period ends on December 31, 2007, the annual electronic notice is due May 15, 2008. The notice will require these organizations to provide basic information and to verify that the organization's annual gross receipts are still normally \$25,000 or less.

---

**WILLIS & JURASEK, P.C.**

2545 Spring Arbor Road  
Suite 200  
Jackson, MI 49203-3690

Phone Number: (517) 788-8660  
Fax Number: (517) 788-9872  
E-Mail: [willis@willispc.com](mailto:willis@willispc.com)  
Web site: [www.willispc.com](http://www.willispc.com)

### **IRS 403(b) Final Regulations**

The intent of the regulations is to consolidate guidance on §403(b) plans issued since 1964. These regulations are generally effective for taxable years beginning after December 31, 2008. Plan documents should be in place December 31, 2008, to be implemented as of January 1, 2009.

The IRS is working on a model plan document and guidance for school districts. This should contain the provisions necessary for compliance with the new rules. A plan may consist of several documents, or make reference to other documents, such as annuity contracts and custodial agreements. The employer must ensure that there are no conflicts or inconsistencies between the documents. The documents must contain eligibility rules, benefits available, limitations, allowable vendors, and time and form distributions. The document must allocate administrative and compliance responsibilities to the employer and/or designated third parties. The plan may not allocate compliance responsibilities to the participants. Other provisions the regulations cover include notification regarding the exchange of investment products, universal availability, distributions, and terminations.

To ensure that all of these requirements are properly met, we recommend that the District set up a committee of benefit officials and participants to review the current plan and design the future plan. Also, determine if you need a third party administrator (TPA) to administer the plan and create a request for proposal (REP) for service. In addition, after the IRS model plan is in place, you may want to offer employee education following the model plan guidelines.

### **New Auditing Standards**

Ten new auditing standards have been released and are effective, or will become effective for next year's audit. The new standards will have an impact on our overall audit approach. These new standards emphasize a risk based approach to the audit and a continued assessment of your internal controls.

### **Deferred Compensation Rules Applicable to Teachers and Similar Employees**

The IRS recently issued new questions and answers related to deferred compensation which can affect teachers and similar employees. When employees can elect to defer part of their compensation to a future year, they are generally subject to the rules applicable to deferred compensation under the Internal Revenue Code. These payments could be subject to an additional 20% tax if the specified procedures are not followed. For example, school employees who work ten months but are paid over twelve months would be deferring compensation into a future year. If a school district provides that all employees must spread their pay over twelve months, these rules do not apply. In order to avoid imposition of extra taxes, the employees must give an irrevocable written or electronic election to notify the employer that they want to spread out the compensation prior to the start of the school year. The election can be phrased as effective until further notice to avoid annual updates. These rules are effective January 1, 2008. Therefore, they are not applicable until the election for the 2008 – 2009 school years.

To the Board of Education  
Pittsford Area Schools  
Page 3

**Conclusion**

Our comments and recommendations are intended to improve your internal controls and/or improve operations. Please let us know if you would like further assistance with these matters.

This report is intended solely for the information and use of the Board of Education, management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the cooperation received from your staff during this engagement and the continued opportunity to be of service.

*Willis + Jurasek, P.C.*

Willis & Jurasek, P.C.

September 4, 2007



September 4, 2007

Board of Education  
Pittsford Area Schools  
Pittsford, Michigan

We have audited the financial statements of Pittsford Area Schools for the year ended June 30, 2007, and have issued our report thereon dated September 4, 2007. Professional standards require that we provide you with the following information related to our audit.

#### **Our Responsibility under Generally Accepted Auditing Standards**

As stated in our engagement proposal, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and no other applications of existing policies were changed during the current year. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- An asset appraisal was done for the prior year ended June 30, 2004, which was used to establish the bulk of your fixed asset balances to be recorded in the Statement of Net Assets.
- Estimates have been used in calculating the liability for employee compensated absences. The estimated liability is approximately \$118,000.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the District, either individually or in the aggregate, indicate matters that could have a significant effect on the District's financial reporting process. Management has approved all adjustments.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Education and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Willis & Jurasek, P.C." in a cursive, flowing script.

Willis & Jurasek, P.C.